

# Understanding the Proposed MI Health Benefits Program

Presentation to the Public Employee  
Health Care Reform Committee  
Michigan House of Representatives

September 3, 2009

## **MI Health Benefits Program**

### **Fundamentals of the Proposal**

- Consolidation of the planning, delivery and administration of health benefits for Michigan's public sector employees and retirees in order to
  - Streamline administrative services
  - Leverage purchasing and economies of scale
- Promote and ensure:
  - Adoption of wellness, prevention and other programs designed to optimize health
  - Access to quality health care
  - Conformance to best practices in health care delivery
  - Availability of clinical advocates
  - Management of prescription drug use
  - Standardization of employee benefits

## **MI Health Benefits Program**

### **A Pro-Worker, Pro-Taxpayer Solution**

- Reinforces the State's commitment to provide fair and competitive benefits to public employees and retirees
- Covers all public employees and retirees, including elected officials ("from the local school bus driver to the Governor"), who are offered health benefits
- Preserves collective bargaining
- Engages both public employees and public employers in the design of health benefit plans
- Balances the health care benefit needs of public employees and retirees with the State's and other public employers' fiduciary responsibilities to manage cost and wisely spend taxpayer dollars
- Allows participants to choose the provider(s) that best meets their needs

## **MI Health Benefits Program**

### **A Pro-Worker, Pro-Taxpayer Solution**

- Recognizes the importance of investing in the health of the State's public employees by providing wellness and prevention programs and by focusing on education, awareness and personal responsibility
- Encourages the use of best medical practices
- Leverages the power of private insurance carriers to negotiate cost-effective provider discounts while offering broad provider networks
- Gives the State a stronger voice and more clout in encouraging private insurers to craft innovative programs aimed at improving health care quality, containing cost and modifying provider payment practices to promote collaborative care instead of fee-for-service treatment

## **MI Health Benefits Program**

### **A Pro-Worker, Pro-Taxpayer Solution**

- Aligns as appropriate the amount paid by Michigan's public employers for employee and retiree health benefits with the amounts paid by public employers in other states (subject to income-means testing)
- Uses as a benchmark for comparative purposes the cost paid by Michigan's private employers for employee and retiree health benefits (subject to means testing)
- Will be made available to Michigan's private sector once the program is operational
- Creates systemic change to help address Michigan's perennial budget problems
  - This is not a panacea but rather one of many reforms needed to make Michigan financially viable
- Exempts any government units that can demonstrate that the cost of their health plans is lower

# **MI Health Benefits Program** **Scope and Scale of Michigan’s Public Sector**

<b><u>Type of Governmental Unit</u></b>	<b><u>Number</u></b>
<b>State <sup>a</sup></b>	<b>6</b>
<b>Public Universities</b>	<b>15</b>
<b>Community Colleges</b>	<b>29</b>
<b>Counties</b>	<b>83</b>
<b>Cities</b>	<b>&gt; 630</b>
<b>Townships</b>	<b>&gt; 1,250</b>
<b>School Districts</b>	<b>839</b>
<b>Other Local <sup>b</sup></b>	<b>hundreds</b>

<sup>a</sup> Classified Civil Servants; Elected Officials; Department Heads, Exempt positions in the Governor’s Office and within departments, and certain Executive Officers and Members of Boards and Commissions; Employees of Courts of Record; Legislative Employees; and State Armed Forces Employees

<sup>b</sup> Includes Municipal Courts, Libraries, Road Commissions and Community Health Agencies

**MI Health Benefits Program**  
**Michigan Public-sector Employment (2007 Census Data)**

<b><u>Public Sector</u></b>	<b><u>Full-time</u></b>	<b><u>Part-time</u></b>	<b><u>Total</u></b>	<b><u>Full-time Equivalents</u></b>
State <sup>a</sup>	64,896	9,534	74,430	71,966
State University	53,771	54,453	108,224	72,841
Local Government <sup>b</sup>	108,350	57,825	166,175	125,231
School District	<u>184,642</u>	<u>91,064</u>	<u>275,706</u>	<u>223,428</u>
<b>Total</b>	<b>411,659</b>	<b>212,876</b>	<b>624,535</b>	<b>493,466</b>

<sup>a</sup> Classified Civil Servants; Elected Officials; Department Heads, Exempt positions in the Governor's Office and within departments, and certain Executive Officers and Members of Boards and Commissions; Employees of Courts of Record; Legislative Employees; and State Armed Forces Employees

<sup>b</sup> Includes Counties, Cities, Townships, Villages, and other Municipal Units

**MI Health Benefits Program**  
**Estimated 2008 Cost of Health Care Benefits Across Michigan's Public**

**Sector**

Type of Health Care Coverage	2008 Total Annual Cost Paid by the State and School Districts \$(millions)	Other Public Sector \$880 million = 75% of total Other Public Sector Cost \$(millions)	Other Public Sector \$880 million = 50% of total Other Public Sector Cost \$(millions)
Active State	\$552		
Retired State	\$361		
Active School	\$1,727		
Retired School	\$660		
Total	\$3,300	\$1,150	\$1,650
Range For All	\$3,300	\$4,450	\$4,950



**MI Health Benefits Program**  
**Savings to be Realized from the MI Health Benefits Program**

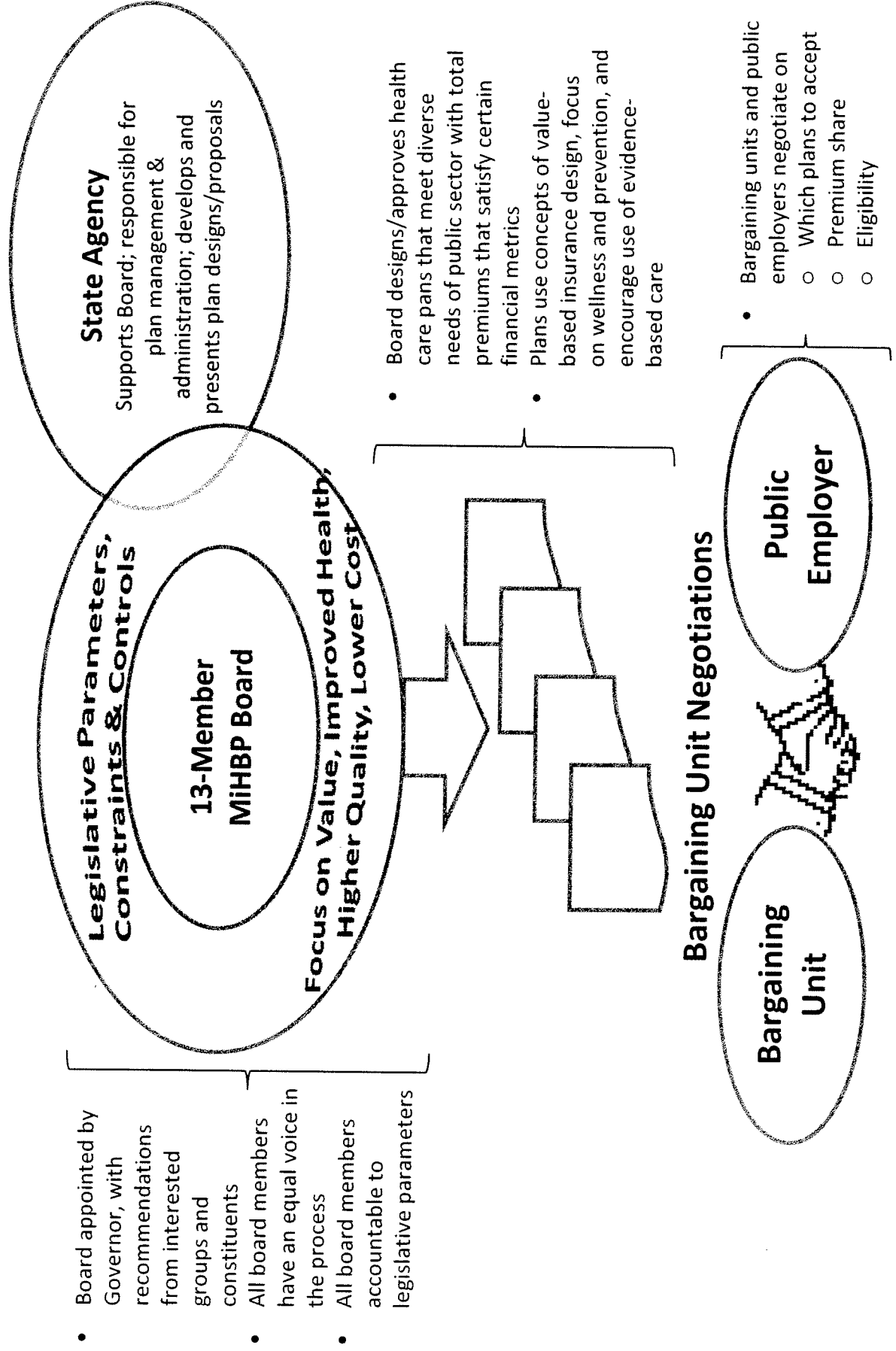
- Administrative Savings = \$65 to \$75 million annually
- Economies of Scale/Leveraged Purchasing = \$100 to \$200 million annually
- Adoption of wellness, prevention and other programs designed to optimize health; access to quality health care; conformance to best practices in health care delivery; use of clinical advocates; management of prescription drug use; and standardization of employee benefits = \$400 to \$600 million annually

**MI Health Benefits Program**  
**Average Premium Cost of Health Care Benefits**

	<u>Total</u>	<u>Employer</u>	<u>Employee</u>	<u>Employee</u>
	<u>Premium \$</u>	<u>Premium \$</u>	<u>Premium \$</u>	<u>Premium %</u>
<b>State of Michigan Employees<sup>a</sup></b>	<b>\$11,887</b>	<b>\$10,900</b>	<b>\$987</b>	<b>8.3%</b>
U.S. National All Employers <sup>b</sup>	\$9,375	\$7,112	\$2,263	24.1%
Midwest Employers <sup>b</sup>	\$9,458	\$7,370	\$2,088	22.1%
State & Local Gov't – National Avg. <sup>b</sup>	\$9,839	\$7,974	\$1,865	19.0%
East North Central State Gov'ts <sup>c</sup>	\$10,704	\$9,505	\$1,199	11.2%
Michigan Private (1,000+ employees) <sup>d</sup>	\$8,747	\$6,931	\$1,816	20.8%
State of Michigan "Teachers" <sup>e</sup>	n/a	\$11,451	n/a	n/a

# MI Health Benefits Program

## Proposed Governance and Collective Bargaining Model



## **MI Health Benefits Program**

### **(notes for cost charts)**

- \* Cost is limited to premiums only and does not include other employee out-of-pocket costs; "All Plans" includes PPO, HMO, Point-of-Service (POS) and High Deductible Health Plans (HDHP) for National, Midwest, East North Central and Michigan Private Sector; PPO, HMO and catastrophic plans make up the "All Plans" category for State of Michigan Employees; all averages (except "teachers" are calculated using the State of Michigan Civil Service enrollment for the period October 5, 2008 – October 3, 2009
- <sup>a</sup> Michigan Civil Service website; fiscal year 2008-09 Health Insurance Premium Rates, effective October 5, 2008
- <sup>b</sup> 2008 Kaiser Health Benefits Survey
- <sup>c</sup> Data is from the 2006 Medical Expenditure Panel Report published by the Agency of Health Care Research and Quality, adjusted for 2 years of inflation at 5% compounded annually
- <sup>d</sup> 2009 Medical Expenditure Panel Report published by the Agency for Health Care Research and Quality; July 2009
- <sup>e</sup> Data is from the 2007-08 Expenditure Report-All Districts, Financial Information Database ([www.michigan.gov/cepi](http://www.michigan.gov/cepi)); based on 2008 spend of \$1,212,853,356 @ 87.9% (using all sources of health care funds in the "Instructor" category adjusted for the cost of dental, vision, life and disability insurance) divided by 93,097 (all employees in the "Instructor" category); however, this average cost is likely understated because some of the employees in the "Instructor" category may not be "Teachers" and some may not be enrolled in the health care benefit programs offered by their school district employer; further, only the employer premium is reported as the funds represent the portion paid by the State or school district; total premium, employee premium cost and employee premium share are not available for the category "Teacher"

## **Kate Kohn-Parrott**

Kate Kohn-Parrott is a noted health care expert and analyst who serves as a consultant to the Michigan House of Representatives. She owns and operates an independent firm called KKP Consulting in Novi. As Director of Integrated Health Care and Disability for Chrysler LLC from 2004 to 2008, Kohn-Parrott developed and managed cost-effective, competitive health and wellness programs that covered 350,000 people at an annual cost of \$2.5 billion. Kohn-Parrott implemented innovative, evidence-based strategies that generated millions of dollars each year while increasing employee satisfaction and participation in award-winning prevention programs. She led national negotiations with the UAW on health care and other benefit programs in 2007, a collaboration that reduced costs for Chrysler and saved thousands of autoworker jobs.

Kohn-Parrott, a Certified Management Accountant and a Certified Internal Auditor, holds a master's in business administration (MBA) from University of Detroit Mercy and a bachelor's in business accounting from Eastern Michigan University. She worked at Chrysler for more than 25 years in a variety of leadership positions.

In addition, Kohn-Parrott is Treasurer and Executive Board Member of the Greater Detroit Area Health Council (GDAHCC) and Co-Chair of the Board of Visitors of the Wayne State University College of Nursing. She has served as Co-Chair of the Health Focus Group of the Automotive Industry Action Group and as a member of the Health Committee of the Economic Alliance of Michigan, the Administrative Simplification Work Group sponsored by the Michigan State Medical Society and the Governor's Council of Economic Advisors Ad Hoc Committee on Health Care Costs.

Her work on health care has won awards from the National Business Group on Health, the Greater Detroit Area Health Council, the State of Michigan and the U.S. Health and Human Services Department.

DRAFT A

A bill to provide for consolidation of health benefits for public employees; to create a board to adopt a uniform public employee health benefits program; to provide for duties for certain state departments, agencies, boards, and officers; to require public employers who provide health benefits to employees to participate in the health benefits program; to provide for exceptions; to provide for optional participation by private entities; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1       Sec. 1. This act shall be known and may be cited as the  
2 "Michigan health benefits program act".  
3       Sec. 2. As used in this act:  
4       (a) "Board" means the Michigan health benefits program board  
5 created in section 3.



1 (b) "MI health benefits program" means the Michigan health  
2 benefits program adopted by the board under this act.

3 (c) "Public employee" means an employee, officer, or elected  
4 official of a public employer. Public employee includes an employee  
5 retired from employment with a public employer as provided in  
6 section 21.

7 (d) "Public employer" means this state; a city, village,  
8 township, county, or other political subdivision of this state; any  
9 intergovernmental, metropolitan, or local department, agency, or  
10 authority, or other local political subdivision; a school district,  
11 a public school academy, or an intermediate school district, as  
12 those terms are defined in the revised school code, 1976 PA 451,  
13 MCL 380.1 to 380.1852; a community college or junior college  
14 described in section 7 of article VIII of the state constitution of  
15 1963; or a public university described in section 4, 5, or 6 of  
16 article VIII of the state constitution of 1963.

17 Sec. 3. (1) The Michigan health benefits program board is  
18 created as an autonomous entity in the department of management and  
19 budget and shall exercise its powers independent of the director of  
20 the department of management and budget.

21 (2) The board shall consist of 13 regular members, as follows:

22 (a) The following members appointed by the governor:

23 (i) 4 members representing interests of state, municipal,  
24 public education, and public safety employees.

25 (ii) 1 member representing interests of public employee  
26 retirees.

27 (iii) 3 members representing interests of county, municipal, and



1 public education employers.

2 (b) 3 independent members with expertise in areas such as  
3 employee benefit design, value-based insurance design, or health  
4 care actuarial science, 1 of whom shall be appointed by the  
5 governor, 1 by the senate majority leader, and 1 by the speaker of  
6 the house.

7 (c) The following members serving by virtue of their position:

8 (i) The state employer or his or her designee.

9 (ii) The state budget director or his or her designee.

10 Sec. 4. (1) The members first appointed to the board shall be  
11 appointed within 30 days after the effective date of this act.

12 (2) Appointed members of the board shall serve for terms of 4  
13 years or until a successor is appointed, whichever is later, except  
14 that of the members first appointed, 1 representative of labor, 1  
15 representative of public employers, and 1 of the independent  
16 experts shall serve 2-year terms and 1 representative of labor, 1  
17 representative of public employers, the representative of public  
18 employee retirees, and 1 of the independent members shall serve 3-  
19 year terms.

20 (3) If a vacancy occurs on the board, an appointment for the  
21 unexpired term of an appointed member shall be made in the same  
22 manner as the original appointment.

23 (4) The governor may remove an appointed member of the board  
24 for incompetence, dereliction of duty, malfeasance, misfeasance, or  
25 nonfeasance in office, or any other good cause.

26 Sec. 5. (1) The first meeting of the board shall be called by  
27 the state employer who shall serve as chairperson. After the first





1 meeting, the board shall meet at least monthly. The board may meet  
2 more frequently, as needed, at the call of the chairperson or if  
3 requested by a majority of the board's members.

4 (2) A majority of the members of the board constitute a quorum  
5 for the transaction of business at a meeting of the board. A  
6 majority of the members present and serving are required for  
7 official action of the board.

8 Sec. 6. Members of the board shall serve without compensation  
9 for their service on the board. However, members of the board may  
10 be reimbursed for their actual and necessary expenses incurred in  
11 the performance of their official duties as members of the board.

12 Sec. 7. The board shall have the following duties:

13 (a) Review recommendations of the office of state employer as  
14 to health benefit plans and total premium cost for each plan to be  
15 adopted as the MI health benefits program to be offered for public  
16 employees.

17 (b) Adopt or reject the recommendations of the office of state  
18 employer.

19 (c) Issue directions to the office of state employer as to  
20 changes to be researched, developed, included, and resubmitted for  
21 any rejected recommendation.

22 (d) Assess the financial stability of the benefit plans  
23 proposed for adoption as the MI health benefits program.

24 (e) Assess the financial stability of the MI health benefits  
25 program not less than annually after adoption and implementation.

26 (f) Determine whether the purchase of reinsurance for the MI  
27 health benefits program is in the state's best interest.



1 (g) Include in its evaluation of the contract recommendations  
2 of the office of state employer, the additional value of  
3 contracting with Michigan-based businesses.

4 (h) Develop methods to extend the option to participate in the  
5 MI health benefits program to the private sector.

6 Sec. 8. The board shall accept or reject the health benefit  
7 plans recommended by the office of state employer using the  
8 following criteria:

9 (a) Quality, efficiency, and effectiveness in improving the  
10 health of public employees.

11 (b) Financial stability.

12 Sec. 9. The board shall consider the cost of health benefit  
13 plans provided to public sector employees in similar states using  
14 available data, such as the medical expenditure panel survey  
15 published by the agency for health care research and quality, and  
16 other sources of data when approving the total premium cost of each  
17 plan and the expected average premium cost for all plans that are  
18 offered.

19 Sec. 10. The office of state employer shall have the following  
20 general powers, duties, and responsibilities:

21 (a) Administration of the MI health benefits program.

22 (b) Communicating with and educating public employees  
23 concerning the MI health benefits program.

24 (c) Managing relationships with health care plans and  
25 providers.

26 (d) Supporting and participating in public forums focused on  
27 health care reform.



1 (e) Other duties granted by law.

2 Sec. 11. The office of state employer shall have the following  
3 duties in developing MI health benefits program recommendations:

4 (a) Analyze current public employee health coverage plans in  
5 this state to determine the types and levels of health coverage  
6 provided.

7 (b) Review data on state health coverage plans in other  
8 states.

9 (c) Develop a selection of plans of health benefits coverage  
10 with different levels of coverage and benefits adapted to the  
11 interests of various classes of public employees. Plans shall  
12 comply with applicable federal standards and may include a variety  
13 of structures and benefits, including, but not limited to, offering  
14 benefits through preferred provider organizations, health  
15 maintenance organizations, high-deductible plans combined with  
16 health savings accounts, self-insurance, and plans that are  
17 tailored to address groupings of geographic needs or categories of  
18 employee risk or need.

19 (d) Negotiate with appropriate parties to develop plan  
20 recommendations.

21 (e) Set standards and issue requests for proposals to develop  
22 plan recommendations.

23 (f) Periodically review and update recommended plans as  
24 necessary.

25 Sec. 12. The office of state employer shall consider all of  
26 the following in developing health benefit plans to recommend to  
27 the board:



1 (a) Maximizing cost containment while ensuring access to  
2 quality health care.

3 (b) Wellness and prevention incentives, such as smoking  
4 cessation, injury and accident prevention, reduction of alcohol  
5 misuse, weight reduction, exercise, automobile and motorcycle  
6 safety, blood cholesterol reduction, and nutrition education, that  
7 focus on strategies to improve health and meet the needs of the  
8 covered populations.

9 (c) Utilization review procedures.

10 (d) Evidence-based care and best practices.

11 (e) Use of clinical advocates to review diagnosis and care for  
12 correct treatment.

13 (f) Coordination of benefits.

14 (g) Minimum standards for insuring entities.

15 (h) Minimum scope and content of plans offered to  
16 participating employers.

17 (i) Incentives to engage in value-based health care  
18 utilization.

19 (j) Methods of chronic care management that improve  
20 coordination of care and identify employees best served through use  
21 of a chronic care model that uses predictive modeling based on  
22 claims or other health risk information.

23 (k) Cost considerations set forth in section 9.

24 (l) Any other factors the office of state employer considers  
25 appropriate.

26 Sec. 13. The office of state employer shall have the following  
27 powers in administering the MI health benefits program:



1 (a) Authority to negotiate and enter into contracts with  
2 insurance carriers, health maintenance organizations, preferred  
3 provider organizations, third party administrators, or any other  
4 entity as necessary to implement the board-approved MI health  
5 benefits program.

6 (b) Authority to contract externally for services related to  
7 administration and operation of the MI health benefits program.

8 (c) Authority to hire an executive director and staff and to  
9 incur expenses necessary to administer the program.

10 (d) Authority to include the additional value of contracting  
11 with Michigan-based businesses in evaluating the best interests of  
12 the state in the award of contracts.

13 Sec. 14. The board and the office of the state employer, using  
14 evidence-based medical principles to develop common performance  
15 measures, may include provisions for financial incentives in the MI  
16 health benefits program that do the following:

17 (a) Reward improvements in health outcomes for individuals  
18 with chronic diseases, increased utilization of appropriate  
19 preventive health services, or reductions in medical errors.

20 (b) Increase the adoption of and use of information technology  
21 that contributes to improved health outcomes, better coordination  
22 of care, or decreased medical errors.

23 (c) Through purchasing, reimbursement, or pilot strategies,  
24 promote and increase the adoption of health information technology  
25 systems such as electronic medical records, electronic prescribing,  
26 and integrated delivery systems, that do any of the following:

27 (i) Facilitate diagnosis or treatment.



1       (ii) Reduce unnecessary duplication of medical tests.  
2       (iii) Promote efficient electronic physician order entry.  
3       (iv) Increase access to health information for consumers and  
4 their providers.

5       (v) Improve health outcomes.

6       (vi) Reward or encourage review of diagnosis and care by  
7 clinical advocates to ensure appropriate treatment.

8       (vii) Reward employee participation in wellness or disease  
9 management programs and regular preventive care.

10       Sec. 15. The office of state employer shall have the following  
11 continuing duties:

12       (a) Periodically conduct an internal review of plan efficiency  
13 and effectiveness.

14       (b) Perform audits of any participating employer, as needed.

15       (c) Report annually to the board and make the report available  
16 to the public on the internet.

17       (d) Maintain a website with information concerning meetings  
18 and other information useful to the public concerning the  
19 activities of the office of state employer in developing and  
20 implementing the MI health benefits program.

21       (e) Employ other techniques to ensure that the program is  
22 administered efficiently and cost-effectively, such as coordination  
23 of benefits and dependent eligibility audits.

24       Sec. 16. The board shall make the MI health benefits program  
25 available to public employers. Except as provided in section 17, a  
26 public employer that offers health benefits to its employees shall  
27 offer benefits through participation in the MI health benefits



1 program. The MI health benefits program shall not restrict the  
2 right of the public employer to select, subject to collective  
3 bargaining, any of the following aspects of the MI health benefits  
4 program:

5 (a) Which of the recommended plans the public employer will  
6 offer.

7 (b) The share of the cost of the benefits that will be  
8 allocated to the employer and the employee.

9 (c) Which of the employer's employees are eligible for MI  
10 health benefits.

11 Sec. 17. A public employer may offer its employees a health  
12 benefit plan that is not 1 of the recommended plans under this act  
13 in any of the following circumstances:

14 (a) The health benefits are required under a contract in  
15 effect on January 1, 2010. This exception expires with the  
16 expiration of the contract and does not apply to a contract entered  
17 into, revised, or renewed after January 1, 2010.

18 (b) If the public employer presents sufficient evidence to the  
19 board that it can provide comparable benefits to its employees at a  
20 lower cost, as determined under guidelines established by the board  
21 under section 19. The public employer shall apply to the board for  
22 approval to opt out at least 9 months before the expiration of the  
23 current health benefits contract. The board shall apply the  
24 guidelines and notify the public employer within 90 days as to the  
25 approval or denial of the application.

26 Sec. 18. (1) The MI health benefits fund is created in the  
27 state treasury and is held in trust to support the contractual



1 obligation for health benefits for the employees of the  
2 participants in the MI health benefits program under this act.

3 (2) The state treasurer may receive money or other assets from  
4 any source for deposit into the fund. The state treasurer shall  
5 direct the investment of the fund. The state treasurer shall credit  
6 to the fund interest and earnings from fund investments.

7 (3) Money collected for expenses of the MI health benefits  
8 program shall be deposited in the fund.

9 (4) Money in the fund is continuously appropriated and may be  
10 expended upon authorization of the office of the state employer  
11 only for purposes of the MI health benefits program.

12 (5) Money in the fund at the close of the fiscal year shall  
13 remain in the fund and shall not lapse to the general fund.

14 (6) The office of the state employer shall be the  
15 administrator of the fund for auditing purposes.

16 Sec. 19. (1) The board shall establish standards to assess  
17 whether a public employer who seeks to opt out of participation in  
18 the MI health benefits program is able to offer benefits comparable  
19 to those available under the MI health benefits program at a cost  
20 that is at least 5% lower, so as to be eligible to opt out of  
21 participation in the MI health benefits program. The standards  
22 shall include factors such as the total premium, weighted averages  
23 for multiple plan options, and out-of-pocket expenses, and  
24 additional costs such as administrative fees in making the  
25 comparison of benefits and costs and shall make the comparison over  
26 a minimum of 3 years.

27 (2) The board shall require that a public employer provide an





1 actuarial study to support the request to opt out of the program.

2 (3) The board may require minimum participation periods and  
3 minimum opt-out periods as necessary to the financial stability of  
4 the MI health benefits program.

5 (4) The board may authorize exceptions to the minimum  
6 participation or opt-out periods only in exigent circumstances.

7 Sec. 20. The costs of the MI health benefits program benefits  
8 and administration shall be fully supported by assessments on the  
9 participating employers and retirement systems, and those entities  
10 shall be responsible for remitting any employee share of the costs.

11 Sec. 21. (1) Beginning January 1, 2010 and subject to section  
12 17 and subsections (3) and (4), the board of a public employee or  
13 officer retirement system shall offer only a health benefit plan  
14 recommended under this act to public employees eligible for  
15 retirement health care benefits under the following acts:

16 (a) The state employees retirement act, 1943 PA 240, MCL 38.1  
17 to 38.68.

18 (b) The public school employees act of 1979, 1980 PA 300, MCL  
19 38.1301 to 38.1408.

20 (c) The legislative retirement act, 1957 PA 261, MCL 38.1001  
21 to 38.1080.

22 (d) The judges retirement act of 1992, 1992 PA 234, MCL  
23 38.2101 to 38.2670.

24 (e) The state police retirement act of 1986, 1986 PA 182, MCL  
25 38.1601 to 38.1648.

26 (f) The firefighters and police officers retirement act, 1937  
27 PA 345, MCL 38.551 to 38.562.



1 (g) The municipal employees retirement act of 1984, 1984 PA  
2 427, MCL 38.1501 to 38.1555.

3 (h) 1851 PA 156, MCL 46.1 to 46.32.

4 (i) The Michigan military act, 1967 PA 150, MCL 32.501 to  
5 32.851.

6 (j) 1927 PA 339, MCL 38.701 to 38.706.

7 (2) Beginning January 1, 2010 and subject to section 17 and  
8 subsections (3) and (4), the administrator of a public employee or  
9 officer retirement system shall offer only a health benefit plan  
10 recommended under this act to any other public employee or officer  
11 who receives retirement health care benefits from a public  
12 employer.

13 (3) If a collective bargaining agreement or other binding  
14 agreement, such as an agreement specifying a vesting schedule, that  
15 affects a health benefit plan is in effect on January 1, 2010, the  
16 retirement health care benefits shall be administered in accordance  
17 with the terms of the collective bargaining agreement or other  
18 binding agreement until the agreement expires.

19 (4) This act does not modify terms relating to retiree health  
20 benefits in contractual agreements under which a public employee  
21 retired before the effective date of this act.

22 Enacting section 1. (1) The public employees health benefit  
23 act, 2007 PA 106, MCL 124.71 to 124.85, is repealed.

24 (2) Sections 506a, 527a, 633, 1255, and 1311m of the revised  
25 school code, 1976 PA 451, MCL 380.506a, 380.527a, 380.633,  
26 380.1255, and 380.1311m, are repealed.



